

Clal Insurance Enterprises Holdings Ltd.



Financial Statements For The Period January-March 2018



Review for Analysts, May 2018

Limitation of Liability

This presentation includes partial information only with respect to the Company's results for the period January-March 2018, and was prepared for summary and convenience purposes only. This presentation cannot serve as a substitute for a review of the Company's public reports (including in the Company's financial statements), which contain the complete information regarding the Company, before reaching any decision regarding an investment in the Company's securities.

This presentation does not constitute an offer for the acquisition of the Company's securities, nor a request for any such offers, and is intended for the delivery of information only, as part of the provision of explanations regarding the Company.

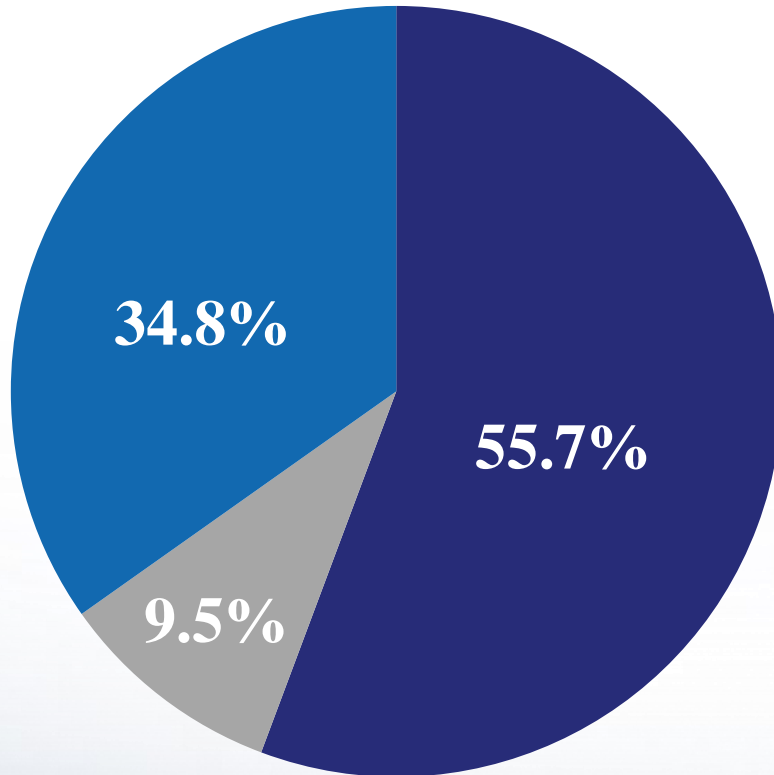


The Company's Vision

To be the leading group in the insurance and long-term savings market in Israel; one which aims to increase the value of the company and maximize value for the shareholders, with an emphasis on growth in profitability, the improvement of service to the company's clients, innovation in products and services, technological and digital leadership, preservation of the high-quality human resource and a constant striving for excellence.



Shareholders*



Clal Insurance Enterprises Holdings Ltd. is a part of IDB Development group, which holds approximately 35%** of its shares



Bank Hapoalim holds another approximately 9.5%



Shares which are held by the public and listed for trade on the Tel Aviv Stock Exchange



* Proximate to the publication date of the report

** Approximately 30% of the share capital of Clal Holdings is held for IDB Development through a trustee, Mr. Moshe Terry

About Us

Clal Insurance, founded in 1987, is one of the leading insurance and long-term savings groups in Israel

Assets under management: NIS 192 billion
(As of the end of March 2018)

ilAA+ rating from Standard & Poor's Maalot
Aa1.il rating from Midroog

Scope of premiums and contributions in the first quarter of 2018: Approximately NIS 4.3 billion

Operates together with approximately 2,000 insurance agents

Employs approximately 4,300 employees



Development of Digital Tools

Launch of a new agents website, which collects the information required to perform transactions online, and to manage the insurance and savings portfolios for their customers

Launch of a new customer website, which allows the Company's customers to receive digital service in all areas, including receiving detailed information regarding the insurance and savings plans

Personal account

Accessible and easy performance of common actions: viewing reports and personal authorizations, redeeming funds, changing investment tracks, updating personal details, and more

Online claims area

Submission of claims and followup regarding the status of filed claims

Joining online

Joining any of the Company's various products in the motor, home and health insurance segments, as well as the provident, pension and continuing education segments, through a simple and quick process



Comprehensive Income After Tax Attributable to Shareholders (NIS Millions)

Return on Equity

17.1%

9.3%

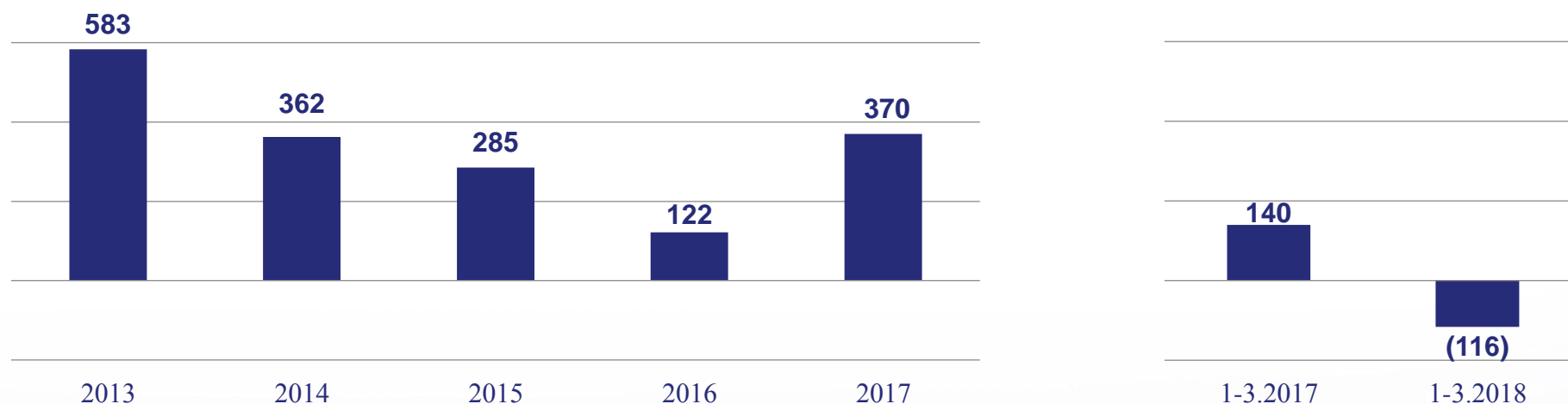
6.7%

2.7%

7.9%

12.0%

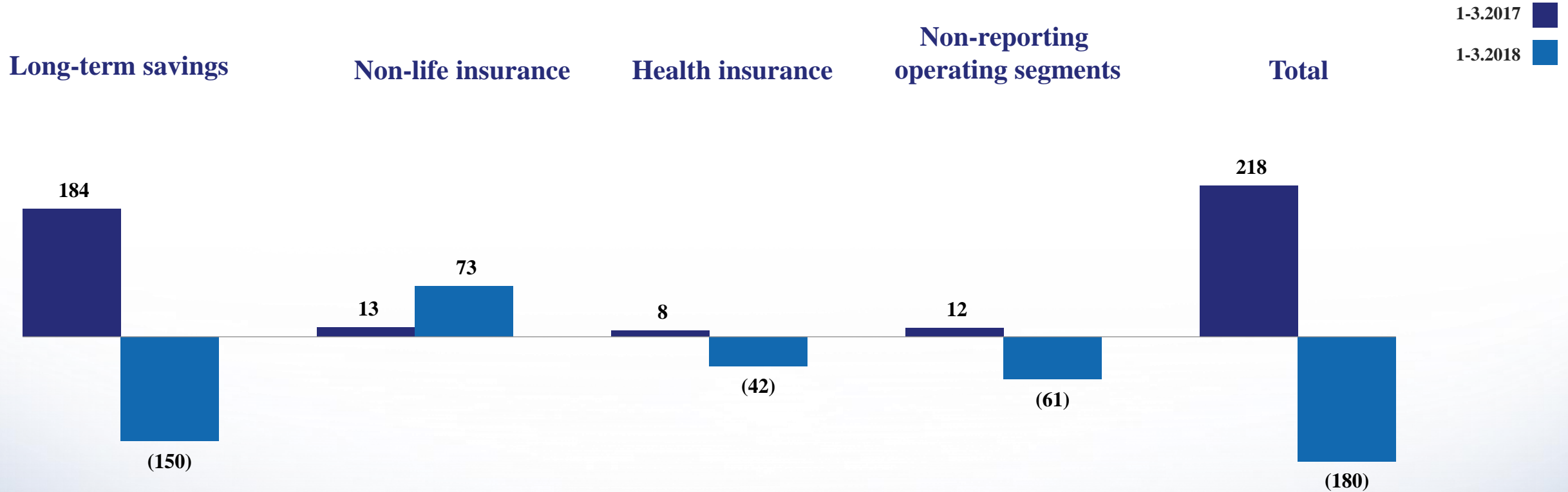
(9.2%)



Special effects which affected the results:	2013	2014	2015	2016	2017	Cumulative 2013-2017	1-3.2017	1-3.2018
Impact of the low interest rate environment on insurance liabilities	26	(309)	(266)	(335)	(248)	(1,132)	66	(175)
Optimization of members' rights and collection	-	-	(22)	(101)	(53)	(176)	-	-
Amortization of goodwill	(19)	(10)	(2)	(25)	(108)	(164)	-	-
Additional special provisions *	-	(68)	(10)	(24)	(38)	(140)	-	-
Total provisions before tax	7	(387)	(301)	(485)	(448)	(1,612)	66	(175)
Total provisions after tax (including tax benefits)	17	(248)	(183)	(274)	(291)	(978)	43	(115)
Normalized return on equity from the aforementioned effects	16.6%	15.7%	11.0%	8.7%	14.1%		8.3%	(0.1%)

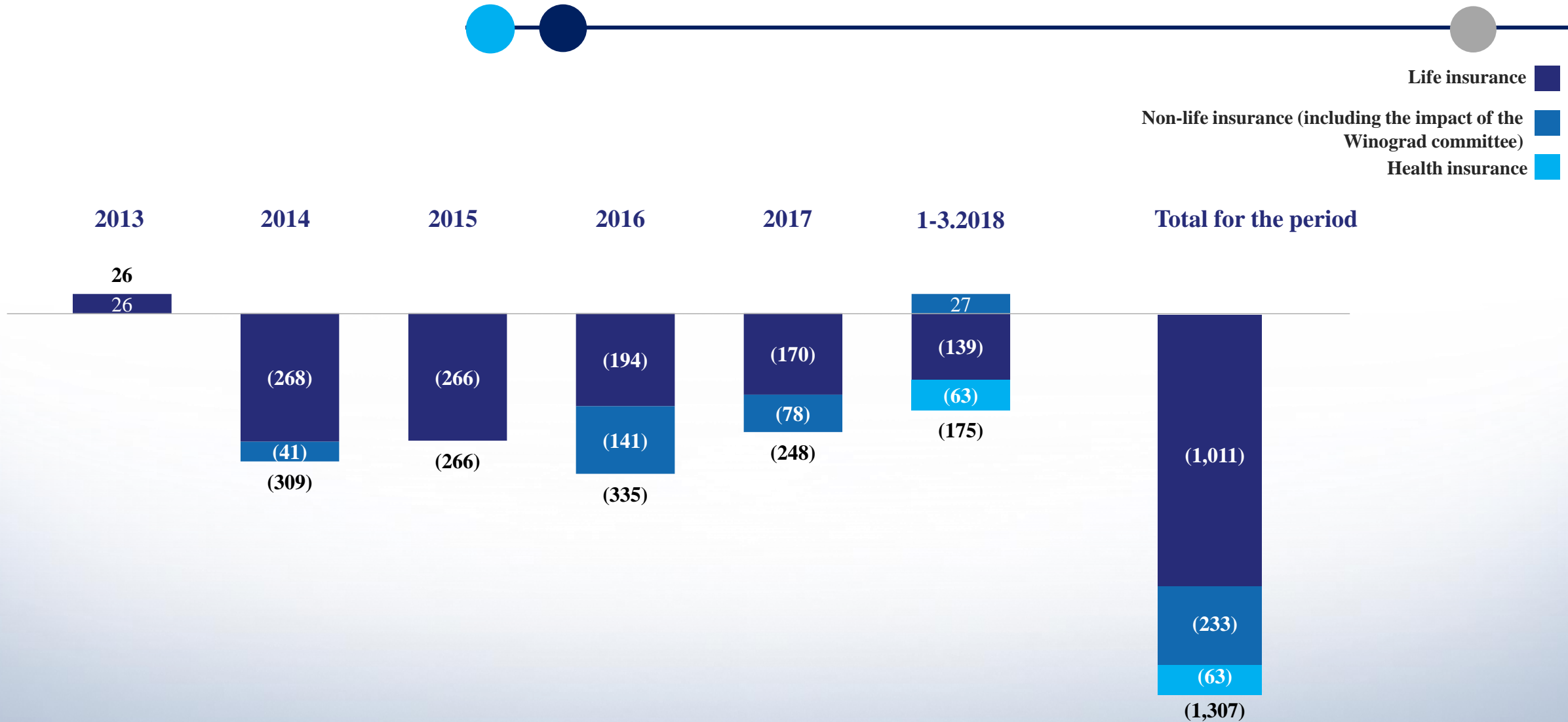
* Mainly provisions with respect to class actions and debt exchange costs

Comprehensive Income Before Tax by Segments (NIS Millions)



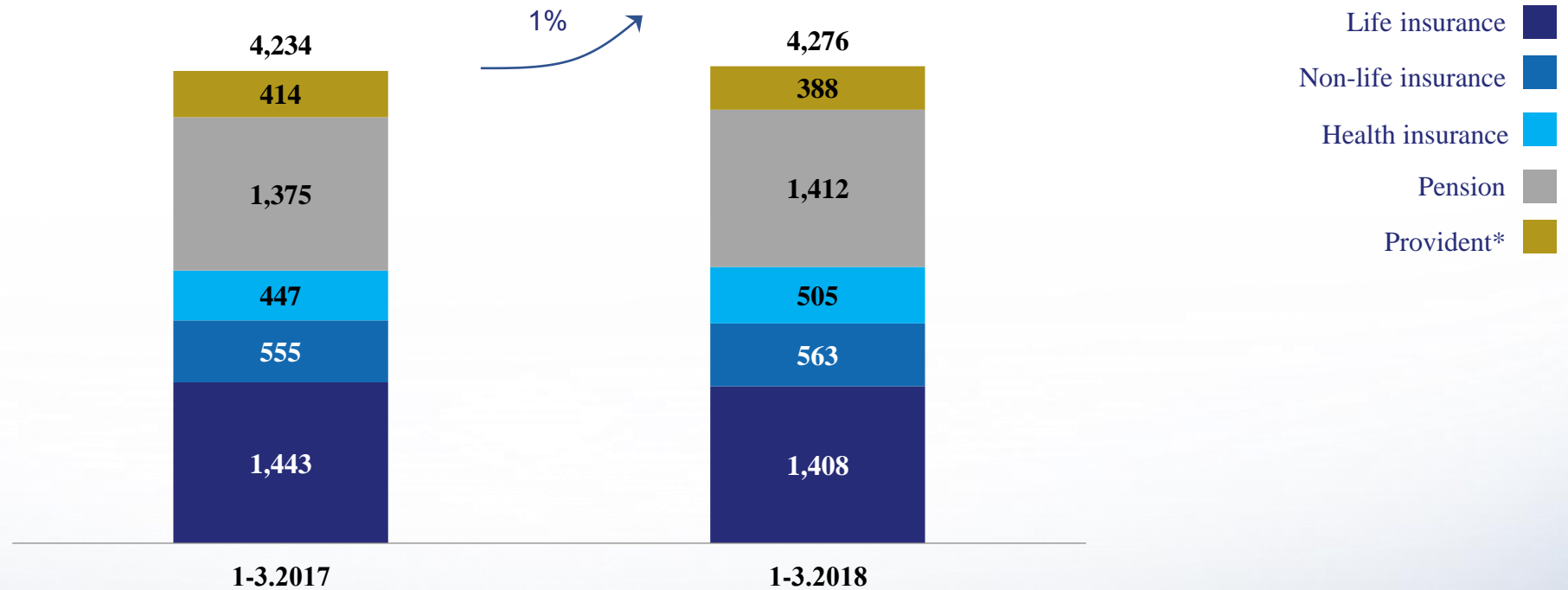
Impact of the Low Interest Rate Environment on Profit Before Tax with Respect to Insurance Liabilities

(NIS Millions)



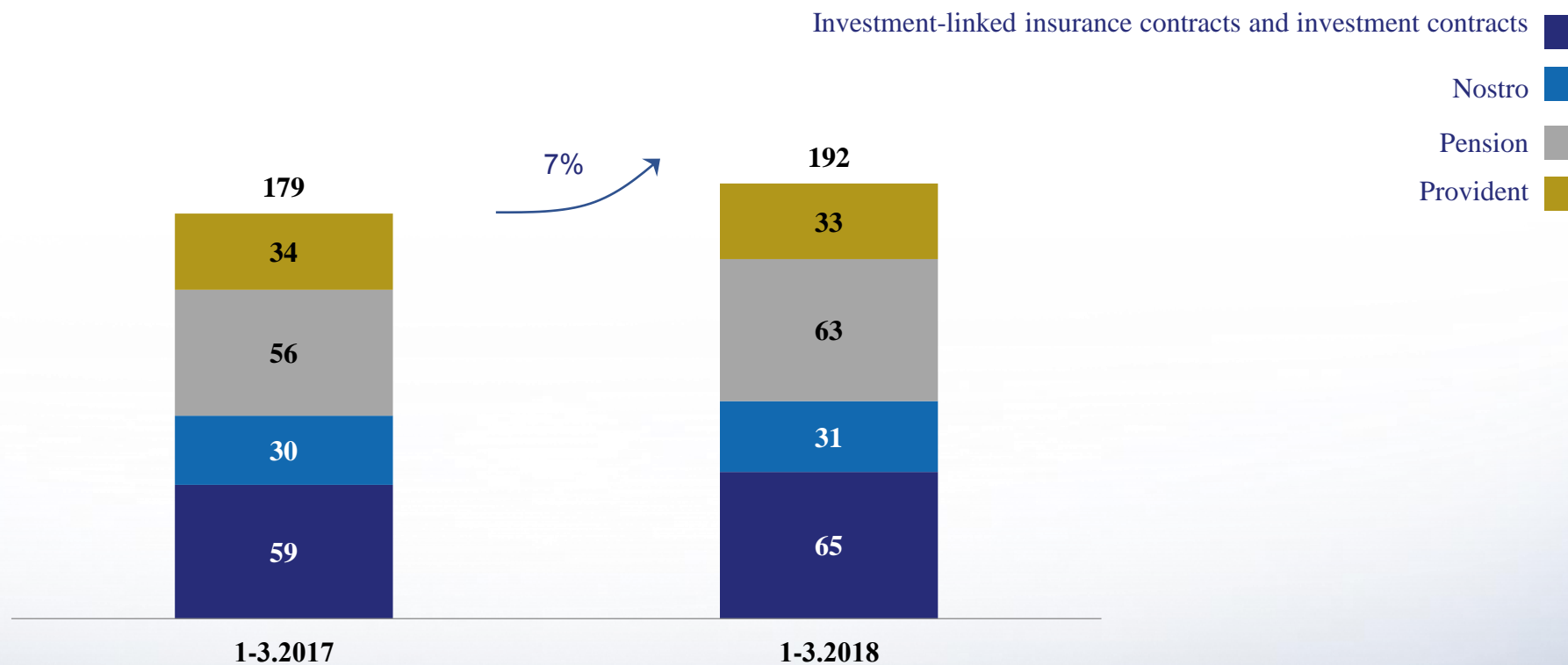
Gross Premiums Earned and Contributions

(NIS Millions)

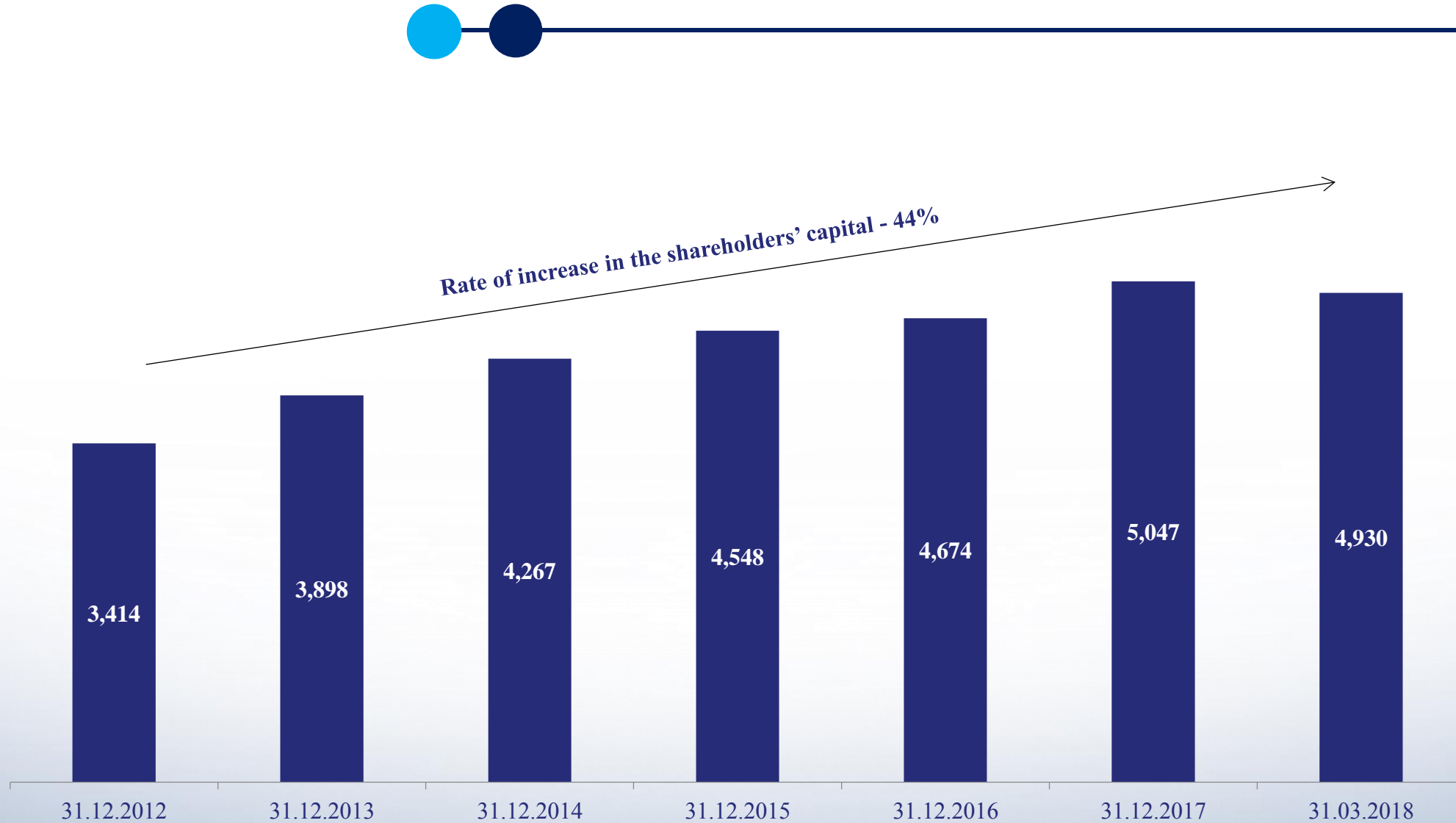


* Excluding central provident fund for other purposes

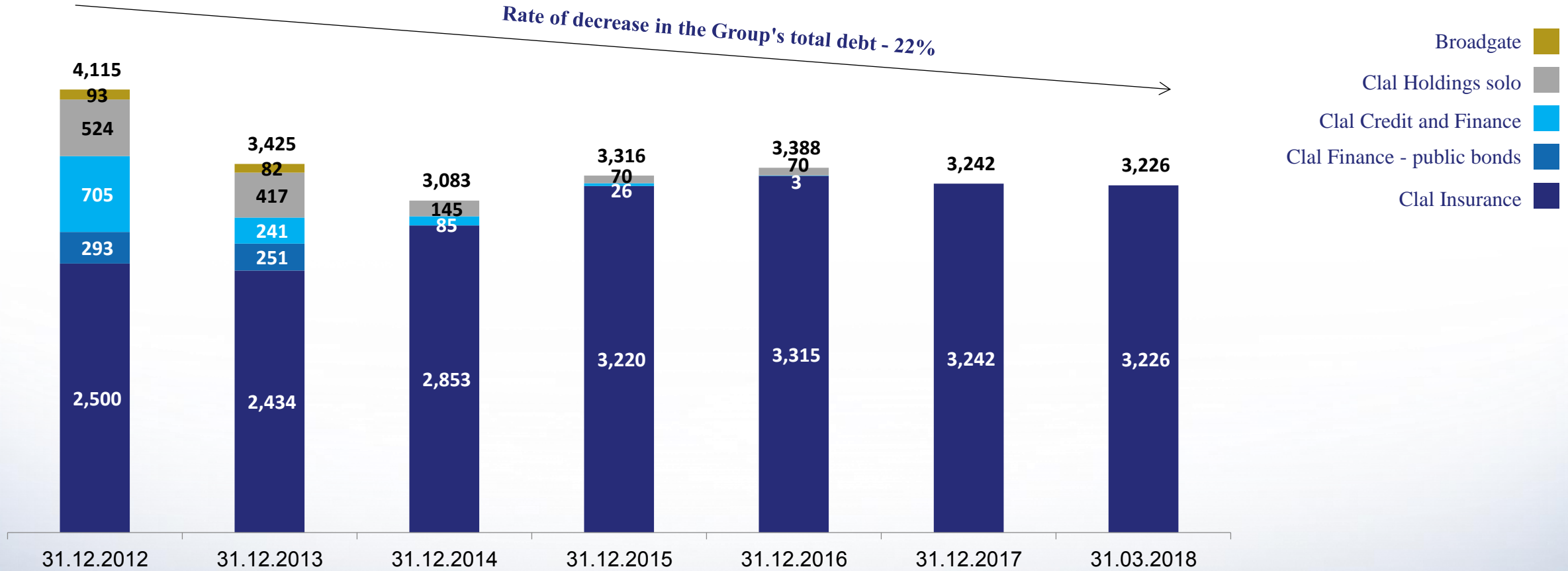
Managed Assets by Portfolio (NIS Billions)



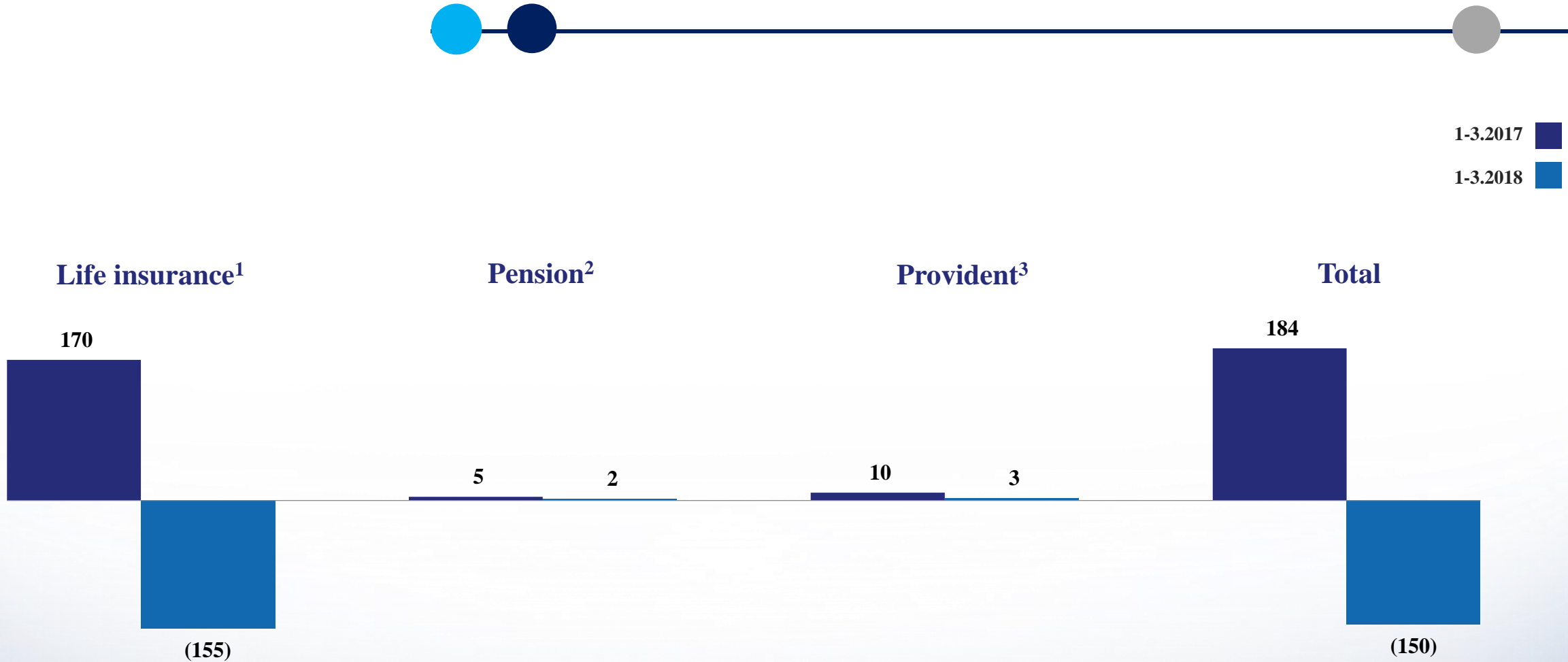
Capital Atributable to Company Shareholders (NIS Millions)



Main Debt of the Group (NIS Millions)



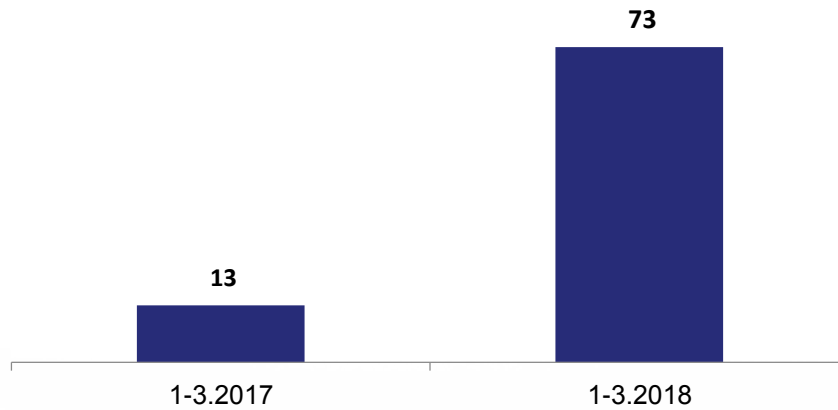
Long Term Savings | Comprehensive Income Before Tax (NIS Millions)



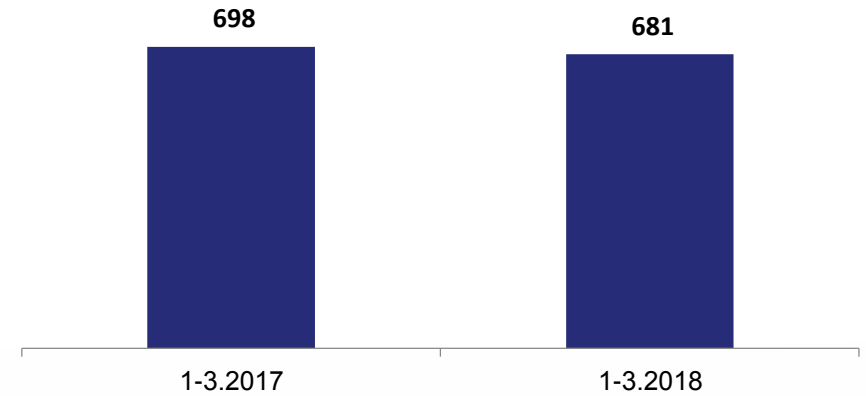
1. The decrease in income and the transition to loss were primarily due to the increase in reserves, due to the low interest rate environment, in the amount of approximately NIS 139 million during the reporting period, as compared with the release of reserves in the amount of NIS 72 million in the corresponding period last year.
2. The decrease in income was primarily due to the decrease in income from management fees, due to the competitive conditions in the segment, which led to erosion in the management fee rate and an increase in operating expenses. These effects were partly offset by the increase in routine deposits.
3. The decrease in income was primarily due to the decrease in income from management fees, due to the competitive conditions in the segment, which led to erosion in the management fee rate and a decline in the average balance of assets for the period.

Non-Life Insurance | Main Results (NIS Millions)

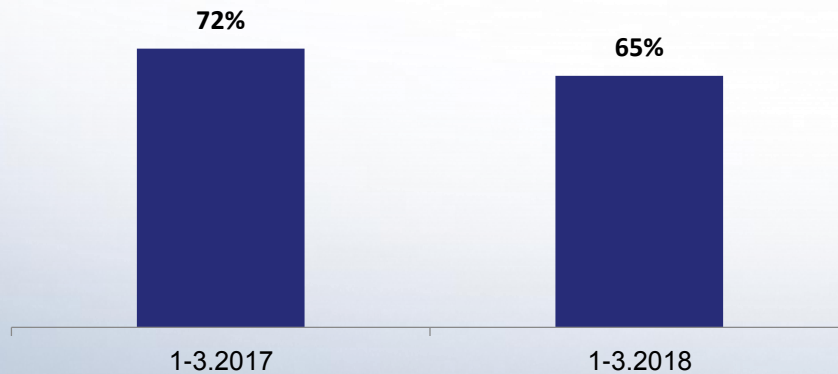
Comprehensive income before tax



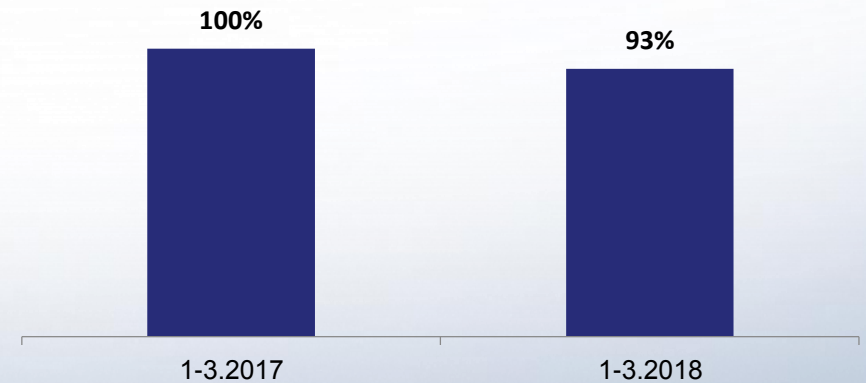
Gross premiums



LR (Retention)*



CR (Retention)*



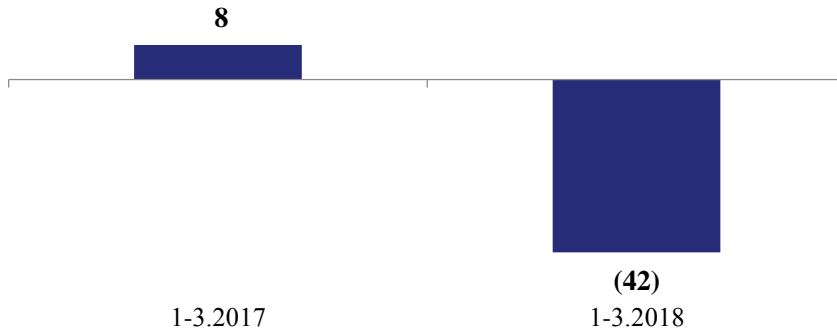
* After neutralizing the effect of the provision with respect to the possible implications of the amendment to the Discounting Regulations, in light of the recommendations of the Winograd committee.

Non-Life Insurance | Comprehensive Income Before Tax (NIS Millions)



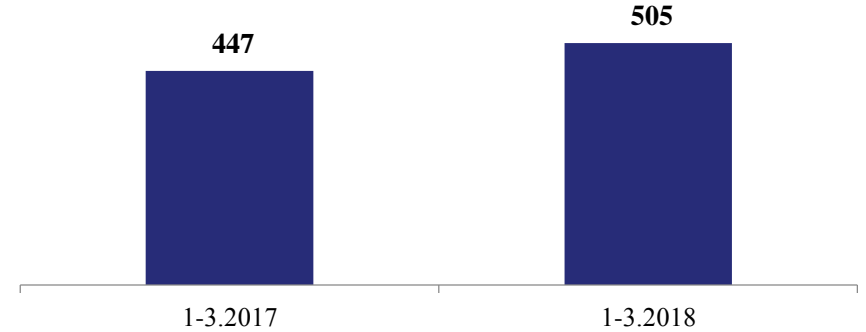
1. The increase in income was due to the provision with respect to the possible implications of the amendment to the Discounting Regulations, in light of the recommendations of the Winograd committee, in addition to the improvement in surplus investment income over the income required to cover the increase in insurance liabilities, and the positive development in claims, relative to the corresponding period last year.
2. The increase in income was primarily due to the continued underwriting improvement in individual business operations, along with business growth.
3. The transition from income to loss during the reporting period was primarily due to the deterioration of claims in the fire and property branches during the current quarter.
4. The transition from loss to income was due to the decrease in the provision with respect to the possible implications of the amendment to the Discounting Regulations, in light of the recommendations of the Winograd committee, in addition to the improvement in surplus investment income over the income required to cover the increase in insurance liabilities, and underwriting improvement.

Comprehensive income before tax ²



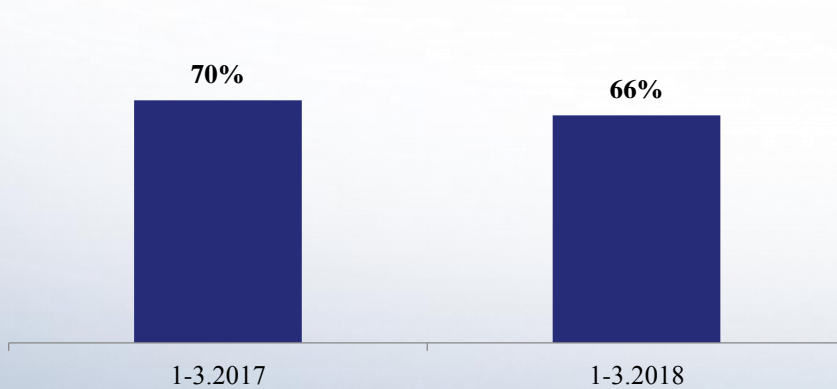
2. The decrease in income and the transition to loss were primarily due to the impact of the low interest rate environment, which resulted, during the reporting period, in an increase of the reserve in the amount of approximately NIS 63 million, due to the liability adequacy test (LAT), with no effect in the corresponding period last year.

Gross premiums earned ¹

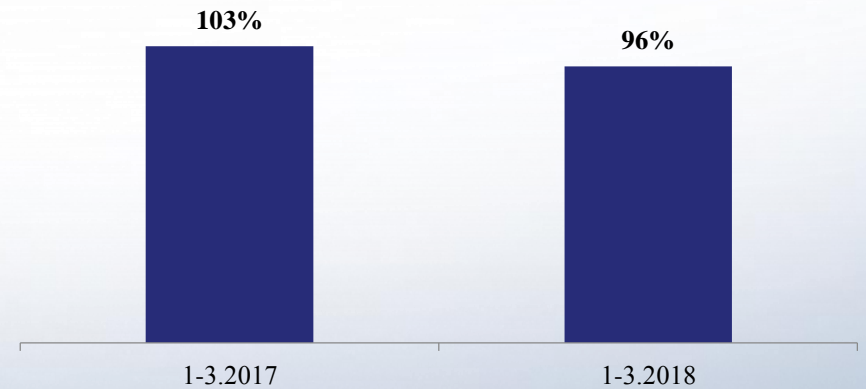


1. The increase in premiums was primarily due to the increase in individual business operations.

LR (Retention)*



CR (Retention)*



* After neutralizing the effect of the provision with respect to the low interest rate environment

Izzy Cohen, CEO of Clal Holdings

"Clal Insurance is continuing to present satisfactory underwriting profit results in non-life insurance and health insurance, as part of the Company's strategy of emphasizing underwriting profit, particularly during a period of volatile capital markets and a low interest rate environment"

Danny Naveh, Chairman of Clal Holdings

"This quarter was primarily influenced by weak performance of the capital markets relative to the corresponding period last year, and the large provisions with respect to the low interest rate environment, which given the risk-free interest rate curve as of the report publication date, the company would probably not be required to make."





Thank You